

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1109-02
Bill No.: HCS for HB 540
Subject: Economic Development; Business and Commerce
Type: Original
Date: March 31, 2015

Bill Summary: This proposal creates the Missouri Startup Cloud Program and Missouri International Business Advertising Fund to attract businesses to the state.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	\$0 or (\$23,662)	\$0	\$0
Total Estimated Net Effect on General Revenue	\$0 or (\$23,662)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Economic Development (DED)** assume §620.1650 creates the Missouri Startup Cloud program. The program proposes that DED create a website which will allow financing providers to post any available financial products or services that assist Missouri business for free of charge. DED will only have 90 days to complete this website or it will need to contract with an outside agency. DED assumes the costs of the website would result in a negative impact ranging from \$0 - \$23,662.

Oversight assumes the Department of Economic Development will create the website for a cost of \$23,662.

Officials at the **Joint Committee of Administrative Rules** and the **Office of the State Treasurer** each assume no fiscal impact from this proposal to their respective organizations.

Officials at the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
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GENERAL REVENUE

<u>Cost - Dept of Economic Development - creation of website §620.1650</u>	<u>\$0 or (\$23,662)</u>	<u>\$0</u>	<u>\$0</u>
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ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0 or (\$23,662)</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This bill requires the Department of Economic Development to establish the Missouri Startup Cloud Program to facilitate the dissemination of business financial products from financing providers to Missouri-based businesses and provide information regarding the benefits of starting, expanding, or relocating a business to Missouri.

The bill requires the department to establish an Internet website, independent from the department's website, where a business financing provider may post any available financial products or services that assist Missouri businesses free of charge. The website must clearly explain the benefits of starting, expanding, or relocating a business to Missouri along with any pertinent business startup information. The department must establish the website within 90 days of the effective date of the bill or contract with an outside Internet website developer to create the exchange. The contract for maintaining the exchange must be annual and all costs associated with the development, marketing, and maintenance must be the sole responsibility of the awarded website developer who is authorized to sell and retain any funds from advertising space on the website. The department may terminate the contract if the developer fails to operate under the department's rules. The department must retain and have exclusive rights and ownership of all content produced on the exchange website.

The bill creates the Missouri International Business Advertising Fund to be used for attracting

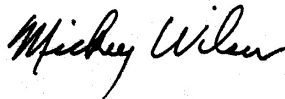
FISCAL DESCRIPTION (continued)

international businesses to the state. The fund can be used for advertising in international business magazines, international social media, and with search engines that receive international traffic to advertise the benefits of relocating a business located outside the United States to Missouri. A committee of three to five members will create the marketing campaign.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development
Joint Committee of Administrative Rules
Office of the Secretary of State
Office of the State Treasurer



Mickey Wilson, CPA
Director
March 31, 2015

Ross Strobe
Assistant Director
March 31, 2015